

or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

"(4) A list and explanation of questions a consumer obtaining a federally related mortgage loan should ask regarding the loan, including whether the consumer will have the ability to repay the loan, whether the consumer sufficiently shopped for the loan, whether the loan terms include prepayment penalties or balloon payments, and whether the loan will benefit the borrower.

"(5) An explanation of the right of rescission as to certain transactions provided by sections 125 and 129 of the Truth in Lending Act.

"(6) A brief explanation of the nature of a variable rate mortgage and a reference to the booklet entitled 'Consumer Handbook on Adjustable Rate Mortgages', published by the Board of Governors of the Federal Reserve System pursuant to section 226.19(b)(1) of title 12, Code of Federal Regulations, or to any suitable substitute of such booklet that such Board of Governors may subsequently adopt pursuant to such section.

"(7) A brief explanation of the nature of a home equity line of credit and a reference to the pamphlet required to be provided under section 127A of the Truth in Lending Act.

"(8) Information about homeownership counseling services made available pursuant to section 106(a)(4) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(a)(4)), a recommendation that the consumer use such services, and notification that a list of certified providers of homeownership counseling in the area, and their contact information, is available.

"(9) An explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate and the requirements under section 10 of this Act regarding such accounts.

"(10) An explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incidental to a real estate settlement.

"(11) An explanation of a consumer's responsibilities, liabilities, and obligations in a mortgage transaction.

"(12) An explanation of the nature and purpose of real estate appraisals, including the difference between an appraisal and a home inspection.

"(13) Notice that the Office of Housing of the Department of Housing and Urban Development has made publicly available a brochure regarding loan fraud and a World Wide Web address and toll-free telephone number for obtaining the brochure.

The booklet prepared pursuant to this section shall take into consideration differences in real estate settlement procedures that may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory."

(3) in subsection (c), by inserting at the end the following new sentence: "Each lender shall also include with the booklet a reasonably complete or updated list of homeownership counselors who are certified pursuant to section 106(e) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(e)) and located in the area of the lender."; and

(4) in subsection (d), by inserting after the period at the end of the first sentence the following: "The lender shall provide the HUD-issued booklet in the version that is most appropriate for the person receiving it."

#### **TITLE V—MORTGAGE DISCLOSURES UNDER REAL ESTATE SETTLEMENT PRO- CEDURES ACT OF 1974**

##### **SEC. 501. UNIVERSAL MORTGAGE DISCLOSURE IN GOOD FAITH ESTIMATE OF SETTLE- MENT SERVICES COSTS.**

(a) IN GENERAL.—Section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604) is amended—

(1) in subsection (c), by adding after the period at the end the following: "Each such good faith estimate shall include the disclosure required under subsection (f) in the form prescribed by the Secretary pursuant to such subsection, except that if the Secretary at any time issues any regulations requiring the use of a standard or uniform form or statement in providing the good faith estimate required under this subsection and prescribing such standard or uniform form or statement, such disclosure shall not be required after the effective date of such regulations."; and

(2) by adding at the end the following new subsection:

##### **"(f) UNIVERSAL MORTGAGE DISCLOSURE RE- QUIREMENT FOR GOOD FAITH ESTIMATES.—**

"(1) DISCLOSURE.—The disclosure required under this subsection is a written statement regarding the federally related mortgage loan for which the good faith estimate under subsection (c) is made, that consists of the following statements, appropriately and in good faith completed by the lender in accordance with the terms of the federally related mortgage loan involved in the settlement:

"(A) 'Your Loan Amount will be' and '\$ \_\_\_\_\_', each statement appearing in a separate column of the disclosure.

"(B) 'Your Loan is', 'A Fixed Rate Loan', and 'An Adjustable Rate Loan', each statement appearing in a separate column and each of the last two such statements preceded by a checkbox.

"(C) 'Your Loan Term is', '\_\_\_\_\_ years', and '\_\_\_\_\_ years', each statement appearing in a separate column, and the second such statement shall appear in the same column as the statement required by subparagraph (B) regarding fixed rate loans and the third such statement shall appear in the same column as the statement required by subparagraph (B) regarding adjustable rate loans;

"(D) 'Your Estimated Interest Rate (APR) is', '\_\_\_\_\_%', and '\_\_\_\_\_% initially, then it will adjust. In \_\_\_\_\_ months, Your rate may adjust to a maximum of \_\_\_\_\_%', each statement appearing in a separate column, the second such statement shall appear in the same column as the statement required by subparagraph (B) regarding fixed rate loans and the third such statement shall appear in the same column as the statement required by subparagraph (B) regarding adjustable rate loans, and the blanks relating to estimated interest rate shall be completed by the lender using an annual percentage rate determined in accordance with the Truth in Lending Act.

"(E) 'Your Total Estimated Monthly Payment (Including loan Principal and Interest, and property Taxes (based on current rates) and Insurance (PITI)) is', '\$ \_\_\_\_\_ which represents \_\_\_\_\_% of Your estimated monthly income', and '\$ \_\_\_\_\_ which represents \_\_\_\_\_% of Your estimated monthly income. When Your interest rate initially adjusts, Your maximum monthly payment may be as high as \$ \_\_\_\_\_ which represents \_\_\_\_\_% of Your estimated monthly income', each statement appearing in a separate column, and the second such statement shall appear in the same column as the statement required by subparagraph (B) regarding fixed rate loans and the third such statement shall appear in the same column as the statement required by subparagraph (B) regarding adjustable rate loans.

"(F) 'Your Rate Lock Period is' and '\_\_\_\_\_ days. After You lock into Your interest rate, You must go to settlement within this number of days to be guaranteed this interest rate.', each statement appearing in a separate column.

"(G) 'Does Your loan have a prepayment penalty?', 'YES, Your maximum prepayment penalty is \$ \_\_\_\_\_', and 'NO', the first such statement and the last two such statements appearing in a separate column, and each of the last two such statements preceded by a checkbox.

"(H) 'Does Your loan have a balloon payment?', 'YES, Your balloon payment of

\$ \_\_\_\_\_ is due in \_\_\_\_\_ months', and 'NO', the first such statement and the last two such statements appearing in a separate column, and each of the last two such statements preceded by a checkbox.

"(I) 'Your Total Estimated Settlement Charges Will be \$ \_\_\_\_\_ (a)' and 'Your Total Estimated Down Payment will be \$ \_\_\_\_\_ (b)', each statement appearing in a separate column.

"(J) 'Your Total Estimated Cash Needed at Closing Will Be' and '\$ \_\_\_\_\_ (a+b)', each statement appearing in a separate column.

"(K) 'This represents a simple summary of Your Good Faith Estimate (GFE). To understand the terms of Your loan, You must see disclosure forms and the Truth in Lending Act.', such statement appearing directly below the entirety of the remainder of the disclosure.

##### **"(2) STANDARD FORM.—**

"(A) DEVELOPMENT AND USE.—The Secretary, in consultation with the Secretary of Veterans Affairs, the Federal Deposit Insurance Corporation, and the Director of the Office of Thrift Supervision, shall develop and prescribe a standard form for the disclosure required under this subsection, which shall be used without variation in all transactions in the United States that involve federally related mortgage loans.

"(B) APPEARANCE.—The standard form developed pursuant to this paragraph shall—

"(i) set forth each statement required under a separate subparagraph under paragraph (1) on a separate row of the disclosure;

"(ii) be set forth in 8-point type;

"(iii) be not more than 6 inches in width or 3.5 inches in height;

"(iv) include such boldface type and shading as the Secretary considers appropriate;

"(v) include such parenthetical statements directing the borrower to the terms of the loan (such as 'see terms') as the Secretary considers appropriate, in such places as the Secretary considers appropriate; and

"(vi) be located in the upper one-third of the first page of the good faith estimate required under subsection (c) in a manner that allows the identity, address, phone number, and other relevant information of the lender, the identity, address, phone number, and other relevant information of the borrower, and the address of the property for which the federally related mortgage loan is to be made, to be located above the standard form."

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue regulations prescribing the standard form and the use of such form, as required by the amendment made by subsection (a), not later than the expiration of the 180-day period beginning upon the date of the enactment of this Act, and such regulations shall take effect upon issuance.

The CHAIRMAN. No amendment to the committee amendment is in order except those printed in House Report 110-450. Each amendment may be offered only in the order printed in the report; by a Member designated in the report; shall be considered read; shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment; shall not be subject to amendment except as specified in the report; and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. FRANK OF MASSACHUSETTS

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in House Report 110-450.

Mr. FRANK of Massachusetts. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.